



Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
600 Washington Street
Boston, MA 02111
www.mass.gov/masshealth



Eligibility Operations Memo 08-12
July 15, 2008

TO: MassHealth Eligibility Operations Staff

FROM: Russ Kulp, Director, MassHealth Operations

RE: **Processing Long-Term-Care Cases with Annuities**

Introduction

MassHealth regulations have changed about annuities and the determination of eligibility for long-term-care benefits. This memo provides guidelines to use when making those determinations.

Annuities in the Determination Process

The eligibility worker requests from the applicant a copy of the complete annuity contract and any schedules or riders, unless previously provided. If the annuity was purchased on or after February 8, 2006, the applicant must provide verification from the insurance company or the financial institution of the beneficiary designation, including primary and contingent beneficiaries, and the percentage of beneficial interest to which the beneficiaries are entitled.

The eligibility worker reviews the documents to identify:

- date of purchase;
- term of the annuity;
- owner;
- annuitant; and
- beneficiaries, both primary and contingent, and the percentage of beneficial interests.

The eligibility worker determines if the annuity can be surrendered, cashed in, or assigned. If the applicant is able to do any of these, the annuity should be treated as a countable asset. If the annuity can be considered a countable asset and the surrender value exceeds \$2,000 (or the value of the annuity is less than \$2,000 but, combined with other countable assets, the value of countable assets exceeds \$2,000), the worker issues a denial of eligibility based on excess assets.

If the applicant cannot surrender, cash in, or assign the annuity, the worker determines if the purchase of the annuity is a disqualifying transfer of assets or countable income.

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**Conditions for
All Annuities**

Regardless of the date purchased, for all annuities in which the applicant is the annuitant, the worker evaluates the annuity considering the regulations at 130 CMR 520.007(J)(1). If any of the following conditions are **not** met, the purchase of the annuity is treated as a disqualifying transfer of resources:

- the annuity is irrevocable and non-assignable;
 - the term of the annuity is less than or equal to the annuitant's life expectancy as designated in the Social Security Administration (SSA) [Actuarial Life Table](#);
 - the annuity has equal monthly payments and does not provide for deferral or balloon payments; and
 - the total projected payments under the annuity's term are not less than the value of the money used to purchase the annuity.
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**Additional Rules
For Annuities
Purchased
On or After
February 8, 2006**

Annuities purchased on or after February 8, 2006, are also evaluated under 130 CMR 520.007(J)(2) to determine if the annuity is a disqualifying transfer of resources.

No community spouse or minor or disabled child

If there is no community spouse or minor or disabled child, the applicant must provide written verification, issued by the insurance company or financial institution, that the Commonwealth of Massachusetts is named as the primary beneficiary (in the first position) for at least the total amount of medical assistance paid on behalf of the institutionalized individual. Without this written confirmation, the purchase of the annuity is considered as a disqualifying transfer of assets.

Community spouse or minor or disabled child

If there is a community spouse or a minor or disabled child, the applicant must provide written verification, issued by the insurance company or financial institution, that the Commonwealth of Massachusetts is named as the beneficiary in the second position, after the community spouse or minor or disabled child.

Written confirmation, issued by the insurance company or financial institution, of the proper beneficiary designation is a prerequisite to the approval of the application. Failure to provide such documentation will result in a denial of benefits. Failure to maintain the Commonwealth in the proper beneficiary position may result in the termination of benefits.

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New Form

The Annuity Tracking Form (ANN-1) and the Notice of Preferred Remainder Beneficiary (ANN-2) are now obsolete. They have been replaced by the Notice of Preferred Remainder Beneficiary/ Annuity Tracking Form (ANN-3), effective immediately.

Once the applicant has been determined to be eligible, the worker completes the ANN-3. The applicant or the applicant's representative must sign the form.

The eligibility worker sends the original of the form, along with the annuity documents that were issued by the insurance company or financial institution that were used to verify eligibility, to the Lifetime Lien Unit (address below). The worker sends copies of all documents to the Annuity Tracking Unit at Central Office and files copies in the case folder.

Lifetime Lien Unit
P.O. Box 15205
Worcester, MA 01605-0205
1-800-754-1864

A copy of the ANN-3 is attached to this memo. This form will be fillable on the MassHealth Intranet Web site. In the left-side navigation, under Topics, click on Tools. Choose Online Forms.

Questions

If you have any questions about this memo, please have your MEC designee contact the Policy Hotline.



Commonwealth of Massachusetts
Executive Office of Health and Human Services
www.mass.gov/masshealth

MassHealth Enrollment Center

MEC street address

City, MA ZIP

Telephone number

TTY number

Fax number

Notice of Preferred Remainder Beneficiary/ Annuity Tracking Form

Member Information

Name of member

Social security number

Date of birth

Annuity Company Information

Name of annuity company

Address

City/state/zip

Telephone number

Fax number

Annuity/Policy Information

Annuity contract/policy number

Owner

Annuitant

First position beneficiary

Second position beneficiary

The Commonwealth of Massachusetts Executive Office of Health and Human Services has determined that, pursuant to MassHealth regulations at 130 CMR 520.007(J) and federal law at 42 U.S.C. 1396p(e), the Commonwealth of Massachusetts must be named as a preferred remainder beneficiary in the first position (primary beneficiary) if there is no community spouse or minor or disabled child, or in the second position (contingent beneficiary) following the community spouse or minor or disabled child. The Commonwealth may collect up to the total amount of medical assistance paid on behalf of the individual if there is no community spouse or minor or disabled child. In accordance with federal law 42 U.S.C. 1396p(e), the Commonwealth must notify the annuity issuing company of its interest as a preferred remainder beneficiary under the annuity and will do so by way of sending the company a copy of this form. The annuity issuer/company must notify the MassHealth Enrollment Center named above if there is a change in the amount of income or principal being withdrawn.

Upon completion of this form, the MEC worker will send the document with the applicant's original signature to:

Lifetime Lien Unit
P.O. Box 15205
Worcester, MA 01615-0205
1-800-754-1864

The MEC worker will place a photocopy of the completed and signed document in the eligibility file and send another copy of the document to the MassHealth Annuity Tracking Unit at the following address. The Annuity Tracking Unit will forward a copy to the annuity issuing company.

Executive Office of Health and Human Services
MassHealth Annuity Tracking Unit
600 Washington Street
Boston, MA 02111

Eligibility Worker:_____ Telephone Number:_____

MassHealth Member Certification

Failure to name and keep the Commonwealth of Massachusetts as a beneficiary of the annuity in the proper position will result in the termination of MassHealth benefits and the Commonwealth may recover MassHealth benefits paid while the individual was not eligible.

I hereby certify that I have read and understand this document. I further understand that MassHealth will send a copy of this document to the company that issued or holds the annuity.

Signature of Applicant or Authorized Representative

Signature of Applicant/Authorized Representative:_____

Date:_____